

STATEMENT BY SENATOR STROM THURMOND (D-SC) ON SENATE FLOOR IN  
OPPOSITION TO S. 3683, MAY 13, 1958.

MR. PRESIDENT:

The bill before this body today represents one of the longest strides toward State socialism that the Senate has considered in recent years. It is a step toward a system of government controlled industrial production in which efficiency is the least of the objectives. It is an attempt to defy the laws of economics. These are strong statements, and I shall elaborate on them in a few moments.

I congratulate the members of the committee who prepared the minority report. In a few short pages, they have pointed up more defects in the bill than I had thought conceivably could exist in one piece of legislation; yet, if they erred in their remarks, it was on the side of leniency.

As the minority report points out, the bill is plainly discriminatory. It would benefit only those living in certain arbitrarily designated geographic areas. Of the 4,494,000 unemployed in January, 1958, according to the Bureau of Employment Security, only about 1 in 8 lived in the areas which would have been covered by the provisions of this bill had it then been in effect. The bill commits the Federal government to a program of improving the economic welfare of the residents of these areas at the expense of the residents of other areas.

The bill also poses insurmountable administrative difficulties. The program overlaps existing programs in the Department of Commerce and the Department of Agriculture. It provides "retraining subsistence payments" to unemployed persons that are, for all practical purposes, supplements to the existing unemployment



compensation programs; a supplement which lacks, however, the sound financial approach of existing programs. Efforts of State and local organizations in this field are brushed aside, apparently in the belief that in the spending of the Federal taxpayers' dollar lies the solutions to the problems with which these groups have been struggling.

One of the most unnecessary and abominable features of the bill is the part that undertakes to supplement the Community Facilities Act so recently passed by this body. To the billion dollars there authorized, the proponents would have us add authorization for additional funds to be administered by a different agency within the same agency.

This is administrative duplication turned back inside of itself, like a snake swallowing its own tail.

We should understand clearly that this is not a temporary program. The Committee report sets that fact on the record plainly. It is a bill for the aid of chronically depressed areas, or, as the Committee has said, those that "have suffered from a high level of unemployment and underemployment, year after year, in good times and bad."

There is a corollary to be drawn from this fact. The authorization for the outlay of \$380 million asked in this bill is only the beginning. It is highly unlikely that the sum will meet the immediate demand, and a dead certainty that it will not begin to meet the demand that will continue year after year.

The problem of chronically distressed economic areas is not a new one. We have always had areas which have been less prosperous, year in and year out, than other areas. It is a problem which has



had the careful attention of many groups, in State and local government and in the business and financial community. Yet, significantly, the location of private industry is an area in which the Federal government has no backlog of experience on which it can rely.

As for the portion of the program that deals with the revitalization of rural areas, I can only conclude that this portion of the bill was written in the hope that it would attract some support for this legislation in rural areas. It selects for "rural redevelopment" the 300 counties that appear to be, by the arbitrary criteria written into the bill, those most in need of developing. As it happens, these are primarily agricultural areas, and mainly in the Southern part of the country.

In view of the setbacks which agriculture has suffered in recent years, it is important that more industries be located in our rural areas. The task of locating industries in our rural areas, however, should be the job of local communities, their development boards, their chambers of commerce, and private industry. The Federal government should not be permitted to spend and lend the money of all the people for the purpose of favoring any one area over another with industrial development. This is another case of the right idea with the wrong approach.

All of these objections, and many others, the minority report clearly indicated. There are others which are not enumerated by the minority report.

An outstanding example is the inclusion of the Davis-Bacon wage fixing provisions in the bill. Surely we are not still unaware that



this very provision has upset and damaged more local economies than this bill could possibly remedy, even were it feasible otherwise.

I am of the opinion, then, that the bill is discriminatory, administratively unworkable, and extremely expensive. These alone would be reason enough for me to oppose it.

However, the main reason for my opposition, as I stated at the outset of these remarks, is that the program envisioned by this bill would encourage a system of State Socialism, and the most inefficient form of Socialism at that.

Mr. President, I was impressed particularly by two sentences in the Committee Report, in which the framers of the bill stated the manner in which money would be allocated for the construction of public facilities:

The organization requesting the grant must contribute to the cost of the project in proportion to its ability to contribute. The grant would be limited to the amount necessary to assure completion of the project.

The same thought was put more succinctly by Karl Marx in 1875 in his famous maxim of Communism, "From each according to his abilities, to each according to his needs."

What are the roots of the problem? If an area is economically depressed, if the people there fail to make a decent living, year after year, there must be some reason for it. Chronic hard times do not happen by chance.

One of the principal reasons for chronic economic distress is the loss of industry because of technological changes. For example, at the present time, we find distress in some areas where the economy is dependent on the mining of coal. Some communities that have depended solely on the textile industry for their economic base



have suffered by the impact of the long-term depression which that industry has suffered -- with very little sympathy from the Federal government -- since the end of World War II. Several resort cities are on the list of the chronically afflicted; they do not have the industrial base which makes for a sound economy.

The stories are different in every case, but they all have one thread in common. The communities that are suffering the most are the ones that have lacked diversification in industry.

The problem suggests its own answer, and it is an answer which the sponsors of this bill have apparently seized without fully weighing the consequences. If a community lacks diversification of its economy, they have reasoned, let the Federal government help it to diversify.

But why the Federal government? There is no shortage of investment capital in the United States. Why do not American industrialists, with all of their supposed ingenuity and foresight, build plants in the areas where labor is in surplus? Why will they require the guidance and urging of the Federal government?

I think we must face the harsh fact that there are areas which are, for one reason or another, unsuitable for further industrial development at this time. They may be too far removed from their natural markets, they may be lacking in raw material, the local tax structure may be unsound, or the local labor market may be priced too high to meet competitive conditions in a particular industry.

There are many reasons why an industrialist may not be anxious to move into a given community. Fortunately, local citizens can do much, by imaginative and concerted effort, to remove some of their handicaps. Industrial development boards are in operation in many



communities. Local and State Chambers of Commerce play an important part. Local government, too, can encourage the advent of new industry by careful tax planning.

I will not deny that some communities are handicapped by natural factors that cannot be brought under control by human intervention.

Mr. President, the effect of S. 3683 is to give those economically ailing communities a transfusion of Federal money with the hope that it will bring about a cure.

The principal fallacy of the bill is that this kind of treatment does not strike at the roots of the malady. It merely eases the symptoms, and encourages the patient to return for further treatment over an indefinitely extended period of time.

The bill encourages industry to move into areas where it is not inclined to go, because, under normal circumstances, industry could not make a profit in those areas. I doubt that the bill, if passed, will be very successful in this endeavor. The inducements offered are not enough to bring a hard-headed businessman into an area in which he will operate under a serious handicap in competition with his competitors.

Indeed, the bill may have an effect of a kind opposite to that which is intended. One of the general problems of industry in the United States is that we are at a point where Federal taxation threatens to dry up the reservoir of capital with which industry expands. The proposal to embark on this new program carries with it the clear implication that it will be supported and expanded through taxation. To the extent that the cost of the program falls on industry, it will inhibit the ability of industry to expand through



its own efforts.

Assuming that the bill does achieve its purpose, to some limited degree, it will bring about new problems far worse than the ones it is supposed to solve. It will provide the stricken community with a hand-to-mouth existence, encourage it to borrow beyond its means for public construction, and, in the long run, encourage the development of an economy based on a Federal dole.

The end result of such a Federal policy can only be the senseless one of locating industry in the areas least suitable for its growth. This is no way to foster the economic development of the United States. We will all be better off -- those in the chronically depressed areas as well as those in other areas -- if we follow, in this country, a policy of locating industries in the places best adapted for industry.

The most effective way to aid areas where the economy is depressed is through measures that will stimulate the whole of our American economy. We need some revisions in our foreign trade and foreign aid programs, which have operated to the serious detriment of vital segments of American business. We need to practice strict economy in every department of government, with the aim of removing some of the heavy burden of taxation with which our economy is saddled. We need to remove some of the heavy burden of government regulation which requires the businessman to make a multitude of complex and expensive reports to a whole host of Federal agencies.

I am in sympathy with the residents of areas with chronic economic problems, but I am convinced that this legislation does not contain any solution to their dilemma. It could only frustrate the efforts being made to solve the problem on a sensible basis.



I do not favor Socialism. Even if I did, I would not favor this bill. It is a socialistic bill with so many defects in it that even the dubious advantages of socialism would not be attained.

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